

Idaho's Endowment Trusts

When Idaho became a state in 1890, the Admission's Act granted the new state about 3 million acres of federal lands for public school support (sections 16 and 36 of every township) and another 650 thousand acres for support of eight other endowment beneficiaries. The State Constitution placed the management of these lands into the hands of the five-member State Board of Land Commissioners composed of the Governor, Secretary of State, Attorney General, State Controller, and Superintendent of Public Instruction. The Constitution gave the State Treasurer the responsibility for management of the financial assets generated by the endowment lands.

In 1905, the Legislature created the Department of Lands to support the Land Board. Over the years the board sold and exchanged properties so that about 2.1 million acres of public school endowment lands remain and about 350,000 acres of the other eight beneficiaries land remain. In addition to land sales and mineral revenue, the Land Board chose to deposit timber sale revenue into the permanent endowment. It chose to place lease revenues into the income funds for annual distribution along with the earnings from the permanent funds.

In 1969 the Legislature voiced its desire to improve the investment performance of the financial trusts by creating an Endowment Fund Investment Board (EFIB).

Institution	Idaho Land Grants	Remaining Acres 6/06	Percent Remain	Percent of Total
Public Schools	2,982,683	2,090,904	70.1%	85.0%
Agricultural College	90,000	33,464	37.2%	1.4%
Charitable Institutions	150,000	77,807	51.9%	3.2%
Normal School	100,000	59,693	59.7%	2.4%
Penitentiary	50,000	28,904	57.8%	1.2%
School of Science	100,000	75,397	75.4%	3.1%
Mental Hospital	50,000	31,009	62.0%	1.3%
University of Idaho*	96,080	55,861	58.1%	2.3%
Capitol Endowment	32,000	7,222	22.6%	0.3%
Total	3,650,763	2,460,261	67.4%	100.0%

* Includes 46,080 acres granted Feb 18, 1881 to University of Idaho

- ◆ Pubic school endowment lands comprise 85% of the total endowment lands.
- ◆ Nearly 70% of original or exchanged endowment lands remain.

Source: Idaho Department of Lands

Endowment Distributions

Four pieces of legislation, the final piece effective July 1, 2000, became the latest "Endowment Reform". Changes to the state constitution allowed the EFIB to invest in the stock market, authorized a land bank, and allowed for payment of administrative costs from earnings. Statutory changes put control of the EFIB under the Land Board, established an earnings reserve fund as the mechanism to distribute earnings, put timber sale revenues into the earnings reserve, and gave the Land Board the power to determine the amount of distributions to the beneficiaries. Separate legislation for the Capitol Endowment did not include an earnings reserve fund.

Fiscal year 2001 was the first full-year after reform. Although the distributions rose to an all-time high of \$69.6 million in FY 2002, a combination of market losses and a change in the spending rule resulted in significant reductions. Further complications arose when the Land Board halted distributions to the Ag College and Charitable Institutions half way through FY 2005. The Legislature's approach was a double fund shift to reduce the impact on the beneficiaries.

Endowment Distributions to the Beneficiaries (\$ millions)

Institution	2002	2003	2004	2005	2006	2007	Appr. 2008
Public Schools	\$47.7	\$37.1	\$37.8	\$23.0	\$23.1	\$24.6	\$27.0
Agricultural College (U I)	1.3	1.1	1.0	.4	(2.1)	.7	.7
Charitable Institutions							
Idaho State University	1.2	1.1	.9	.4	(.7)	.6	.7
St. Juvenile Corr Ctr.	1.2	1.1	.9	.4	(.7)	.6	.7
State Hospital North	1.2	1.1	.9	.4	(.7)	.6	.7
Veterans Home	.8	.7	.6	.2	(.4)	.4	.4
School for Deaf /Blind	.2	.1	.1	.0	(.1)	.1	.1
Normal School							
ISU College of Ed	2.0	1.8	1.6	1.5	1.6	1.1	1.2
Lewis-Clark State Col.	2.0	1.8	1.6	1.5	1.6	1.1	1.2
Penitentiary	1.6	1.4	1.2	1.5	2.4	.8	.7
School of Science (Uof I)	4.7	4.3	3.8	3.1	2.8	2.4	2.1
Mental Hospital (South)	2.0	1.9	1.7	1.9	5.3	1.1	1.1
University of Idaho	3.6	3.5	3.1	3.2	3.5	1.8	2.0
Total	\$69.6	\$57.0	\$55.1	\$37.4	\$35.7	\$35.8	\$38.6

- ◆ The actual FY 2003 distribution to public schools of \$37,056,500 was \$6,256,500 short of the appropriation.
- ◆ For FY 2005 and FY 2006, the Legislature shifted General Fund support and increased distributions to the healthy endowments.